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CURRENT INTELLIGENCE WEEKLY SUMMARY



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THE WEEK IN BRIEF

BERLIN Page 1

The Ulbricht regime has taken further moves to reduce and control access by Westerners, including West Berliners, to East Berlin and by East Germans and East Berliners to West Berlin. These controls are as yet imperfect; more than 2,000 refugees have reached West Berlin since the sector was closed on 13 August. The regime has not yet attempted to prevent Western military and diplomatic personnel from visiting East Berlin, but recent moves have the effect of underlining East Germany's ability to control such movement. East German leaders, although appearing confident of their ability to maintain control over the East German populace, nevertheless remain concerned. In public and private statements, Soviet and East German leaders are still emphasizing that the Western powers will have to negotiate with East Germany on continuing access to Berlin, after a bloc treaty is concluded this year. Khrushchev and Mikoyan, however, have sought to minimize the possibility of any imminent move against Western access, but the Soviet note of 23 August suggests that Moscow may be preparing the groundwork to justify restrictions on West German movement. There has been no further change in the deployment of Soviet or East German military forces in and around East Berlin.

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LAOS Page 8

No discernible progress toward the formation of a government of national union has been achieved at recent tripartite talks at Namone. Soviet Ambassador Abramov visited King Savang on 18 August and pressed for acceptance of Souvanna Phouma as premier, as he did in subsequent talks with Western representatives in Vientiane. The military situation continues to be characterized by scattered small-scale skirmishes.

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CONGO Page 9

Premier Adoula visited Gizenga in Stanleyville last week to obtain at least nominal support for the new government. Gizenga has indicated his willingness to do so but his failure to come to Leopoldville suggests that he is waiting for Adoula to meet certain demands, which may include the defense portfolio for a Gizenga follower. Although Adoula is unlikely to meet Gizenga's more extreme demands, his desire for a coalition in Leopoldville may still make him vulnerable to pressure from the Gizengists.

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BIZERTE Page 10

The three days of demonstrations staged by Bourguiba in support of debate in the special UN General Assembly

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session were generally well disciplined; in Bizerte, demonstrators scuffled with French forces for most of the night of 18-19 August but both sides refrained from shooting. France, boycotting the special assembly, stands by its offer of 11 August to negotiate a "return to a more normal situation," while Tunis stipulates that any negotiations must concern the substantive issue of an agreement to evacuate the base. The Soviet bloc has exploited the debate in the UN for a more general attack on the question of Western military bases, and Cuba can be expected to use the same opportunity.

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FRANCE-ALGERIA Page 11

The deliberations of the National Council of the Algerian Revolution, meeting in Tripoli, are unlikely to produce radical changes in the provisional Algerian government pending clear indications of which way Paris intends to move. Paris appears to have made no further decisions on Algerian policy since 11 August, when it terminated its unilateral cease-fire. De Gaulle has decided to move another division from Algeria to Europe to strengthen French forces there; the Berlin crisis is a key factor in restraining French Army officers who otherwise might openly move to block De Gaulle's Algerian policy.

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CUBA Page 12

The activities of Che Guevara following the inter-American economic conference in Uruguay give further evidence that Cuba now is using a softer, more conciliatory line in dealing with other Latin American countries and, to a lesser extent, with the United States. Guevara's activities in Uruguay, Argentina, and Brazil after the conference produced considerable dissension on the Cuban question within each of the three governments. The naming of President Dorticos as Havana's representative at the conference of nonaligned nations in Belgrade next month may presage a lesser role for Cuba there than was indicated in the preliminary meetings in Cairo.

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DOMINICAN REPUBLIC Page 14

The situation in the Dominican Republic appears to be moving toward a crisis, as pressures among conflicting military and political groups endanger the position of President Balaguer and the liberalization program to which he is committed. Political murders of two regime opponents in the city of Santiago led to the protest closing of most business establishments in the city on 21 August. Some officers in the armed forces feel threatened by the new freedom allowed opposition groups; other military elements are sympathetic to the opposition.

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BRITISH GUIANA Page 15

Cheddi Jagan's Communist-dominated People's Progressive party, which won 20 of the 35 legislative seats in the 21 August election, will have firm control over internally self-governing British Guiana, with Jagan as premier and his wife, Janet, as president of the appointive Senate. Jagan has said he will seek aid and economic experts from all sources. He may, however, hesitate to develop ties with Castro beyond present trade agreements lest he jeopardize his chances for early independence, which London may grant as early as next spring.

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MIDDLE EAST DEVELOPMENTS Page 16

Ben-Gurion and his moderate socialist Mapai party suffered a setback in the Israeli general election on 15 August. Although Ben-Gurion will remain prime minister, protracted negotiations may be required to form a coalition cabinet, and the election results may lead to further dissidence within his party. UAR President Nasir, in reorganizing his cabinet, appears to have aimed primarily at speeding implementation of his economic and social decrees announced last month. The Arab League has arranged to provide a mixed force to relieve the British troops in Kuwait. In Sudan, the clash on 21 August between police and religious demonstrators could have serious effects on the Abboud regime.

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GHANA EXPANDS BLOC TIES Page 19

Ghana's involvement with the Communist world has increased as a result of President Nkrumah's visit to nine Sino-Soviet bloc countries and Yugoslavia. He obtained a \$19,600,000 development credit from Peiping, and the USSR agreed in principle to supplement last year's \$40,000,000 credit and to increase its purchases of Ghana's chief export, cocoa. In public statements and communiqués, Nkrumah endorsed several of Moscow's major propaganda themes and tended to associate himself more closely with Soviet policy positions on certain East-West issues--notably disarmament.

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MIKOYAN'S VISIT TO JAPAN Page 20

During his visit to Japan, Soviet Deputy Premier Mikoyan, playing upon Japan's fear of nuclear war, sought to undermine the US-Japanese security treaty by arguing that Japan would become involved if war should break out over the Berlin issue. The Japanese Government's sharp reaction to Mikoyan's efforts and the denunciation by leading Japanese officials of his use of threats appear to have dimmed any hope Moscow had for an early softening of Japanese attitudes toward the USSR. However, the Soviet

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offer of increased trade between the USSR and Japan will probably be favorably received by Japanese businessmen.

FURTHER RETREAT FROM COMMUNE SYSTEM IN COMMUNIST CHINA . . . Page 22

The urgent need to increase farm output appears to have resulted in a further erosion of the rural commune system in Communist China. Production groups reportedly are being divided into smaller units, farmland is being allotted to individuals and groups of workers, and mess-halls are being closed in some areas. There also are indications of a major transfer of authority in rural areas to the smallest commune production units.

MORALE IN COMMUNIST CHINA Page 23

the severe hardships of the past two or three years have resulted in widespread psychological depression and cynicism. The growing disillusionment has not taken the form of organized antiregime activity but is characterized by petty infractions of the law, open grumbling, and indifference to authority. Theft, black marketeering, and begging--all directly attributable to the worsened economic situation--have risen sharply. The regime tolerates minor manifestations of discontent, but has quickly taken repressive steps to eradicate any overt signs of sedition.

ALBANIAN-BLOC RELATIONS Page 24

Albania's relations with the Soviet bloc have deteriorated further in recent weeks. Albanian party leader Enver Hoxha apparently did not attend the 3-5 August Warsaw Pact meeting in Moscow, and Albanian delegations have not participated in subcommittee meetings of the bloc's Council for Mutual Economic Assistance since early July. Eight days after the Warsaw Pact meeting, Tirana diverged from the current bloc line by resuming propaganda attacks on Yugoslavia after a two-month lull.

SPECIAL ARTICLES

SUMMIT CONFERENCE OF NONALIGNED NATIONS Page 1

The meeting of "nonaligned nations," scheduled to begin on 1 September in Belgrade, will be attended by leaders and observers from 26 nations. Preparatory meetings have been marked by heated argument, but compromises on agenda, composition, and details have been made to ensure that the conference will be held. The more radical camp includes Ghana, Guinea, Mali, and Cuba; the moderate element is led by India, Cambodia, and Burma.

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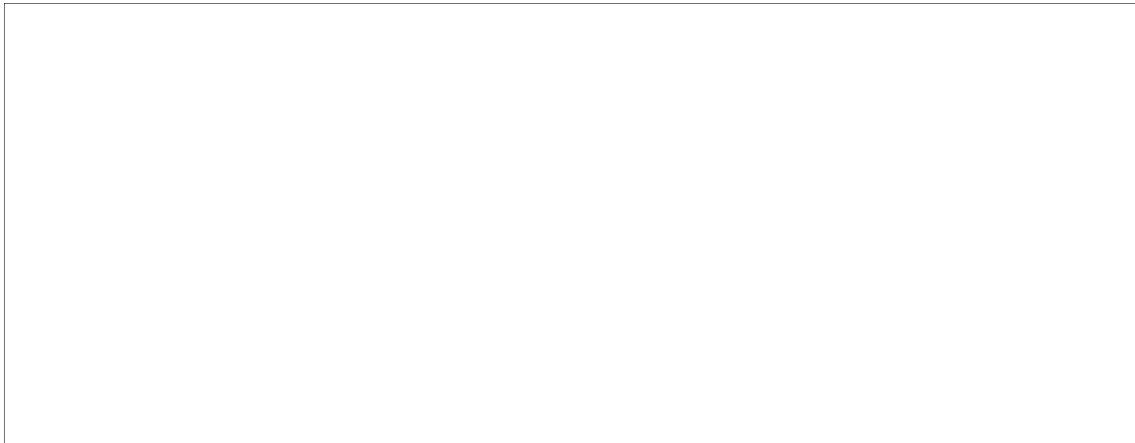
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CONFIDENTIAL**CURRENT INTELLIGENCE WEEKLY SUMMARY**WEEKLY REVIEW**BERLIN**Border Controls

The Ulbricht regime has made further moves to strengthen the security of the sector and zonal borders surrounding West Berlin and to reduce and more efficiently control movement between East and West Berlin. New measures over the past week involve controls that might be encountered at a recognized international frontier--including replacement of the barbed-wire barricades along the East-West Berlin sector border on 13 August with concrete barriers, the strengthening of barbed-wire fences along the zonal border adjoining West Berlin on three sides, and various types of personal checks on those desiring to cross the border.

The regime has gradually reduced the number of crossing points on the sector border from the 13 announced on 12 August to 7. The Ministry of Interior on 22 August issued a series of decrees, to go into effect the following day at 0001 hours, regulating access to East Berlin by West Germans, West Berliners, and Western military and diplomatic personnel. The announcement stated that the new regulations--as was the case in the 12 August decrees closing the sector borders--would remain in effect "until the conclusion of a peace treaty."

Foreign nationals (other than West Germans), members of the diplomatic corps, and personnel of the Western occupation forces now may cross the sector border at only one point, Friedrichstrasse. West Germans will be permitted to cross at

only two points, Borholmerstrasse and Heinrich Heine Strasse. West Berliners are restricted to four crossing points--Chaussee-strasse, Oberbaumbruecke, Sonnen Allee, and Invalidenstrasse--and, for the first time, they will be required to obtain an East German permit, at the cost of one West German mark, to enter East Berlin.

There has been some actual interference with travel over the sector border by Western Allied personnel. On 22 August, prior to the imposition of the new restrictions, East German police detained a US military patrol--the first incident of this character involving US personnel since the promulgation of the 12 August decrees, although instances of interference have occurred in East Berlin in the past. A British patrol which strayed over the zonal border was detained for three hours last week.

In a test of the new restrictions, a US military patrol crossed into East Berlin on 23 August at the Friedrichstrasse checkpoint. When it sought to return via a street not designated as a checkpoint, it was turned back. It then proceeded to Elsenstrasse, where it found the road blocked. East German guards refused a request to talk with a Soviet officer, but did not prevent the patrol from leaving the area. Finally, the patrol returned to West Berlin via Sonnen Allee.

In and around Berlin, security and police forces are still in evidence. Controls at the sector and zonal border nevertheless appear to have been

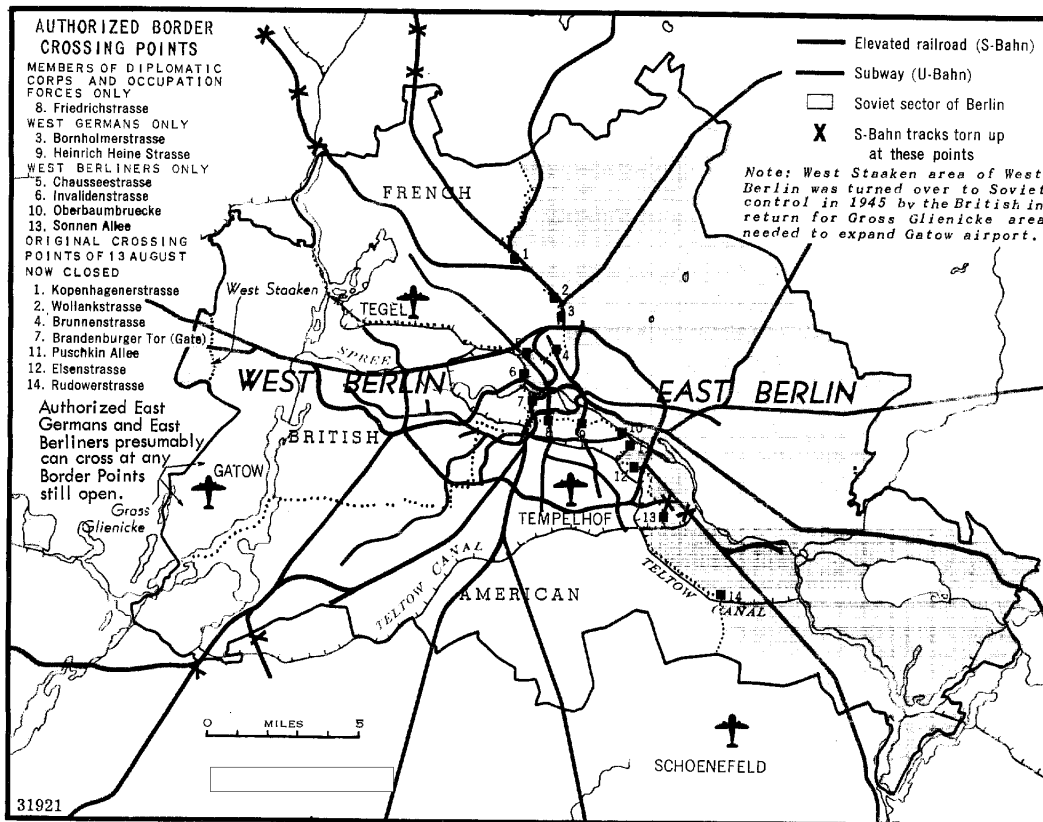
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exercised somewhat sporadically. Although the number of refugees has been drastically reduced since 13 August, a significant number of East Germans and East Berliners are still escaping. On 22 August, 629 refugees registered at the Marienfelde reception center, of whom 168 had arrived since 13 August; the respective figures for 21 August were 1,202 and 238. No fewer than 13,837 persons regis-

Walter Ulbricht displayed great self-assurance at having successfully completed the difficult problem of sealing off West Berlin. There was, however, a note of concern about the reactions of the East German population. "For some time," he said, "there will continue to exist in the GDR capital and its environs people who have allowed themselves to be influenced and depraved by West Berlin." Ul-



tered between 13 and 22 August, of whom more than 2,000 claimed to have fled after the clamp-down.

Popular Attitudes

In a television broadcast on 18 August, East German leader

bricht is due to make another speech on 25 August.

The regime took extreme precautions to prevent any manifestations of public enthusiasm in connection with the move of the US battle group to Berlin on 20 August. People's Police

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were posted in pairs at frequent intervals along the Autobahn.

Party functionaries are organizing a drive to dismantle radio and TV antennae required only to turn in foreign broadcasts. In Leipzig, radio repairmen reportedly have "pledged themselves" not to build or install such aerials, and party propagandists are to visit the homes of those people who persist in listening to Western broadcasts.

The regime also has cracked down on Evangelical Church leaders in East Germany who, on 17 August, signed a telegram protesting the 13 August restrictions. East Berlin Mayor Fritz Ebert called Kurt Scharf, chairman of the church's All-German Synod, on 18 August to rebuke him for signing the telegram. Other East German churchmen have also been lectured by local authorities in an effort to make them withdraw their public position against the regime's ban on free travel.

Military Situation

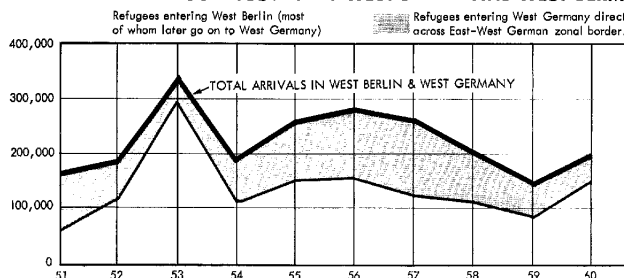
American officers estimate that security measures in East Berlin and the adjacent area were carried out by a force of at least 43,500 East Germans, representing such varied groups as major elements of an East German army division, the Security Alert Police, and the Kampfgruppen (armed factory workers).

Various types of East German police and security forces are well represented, with three regiments of the Border Security Police occupying installations at Gross Glienicke, Blankenfelde, and Blumberg. A regiment of Security Alert Police is at Potsdam, and another

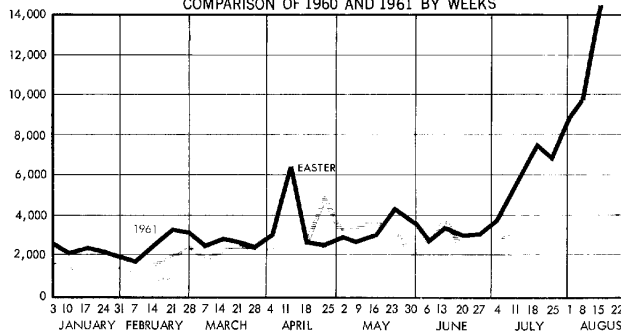
in East Berlin along with six battalions from the Motorized Brigade, Berlin. The number of Kampfgruppen around West Berlin appears to be declining from the high point of 24,000-30,000 at the beginning of the operation.

Soviet military elements in East Berlin, which consist of five battalions with a combined strength of about 1,900 men, apparently have taken no

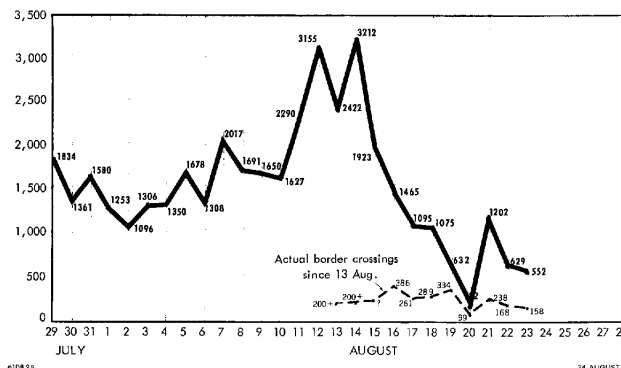
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TOTAL ANNUAL REFUGEE FLOW INTO WEST BERLIN AND WEST GERMANY



WEST BERLIN REFUGEE TOTALS
COMPARISON OF 1960 AND 1961 BY WEEKS



DAILY TOTALS SINCE 29 JULY 1961



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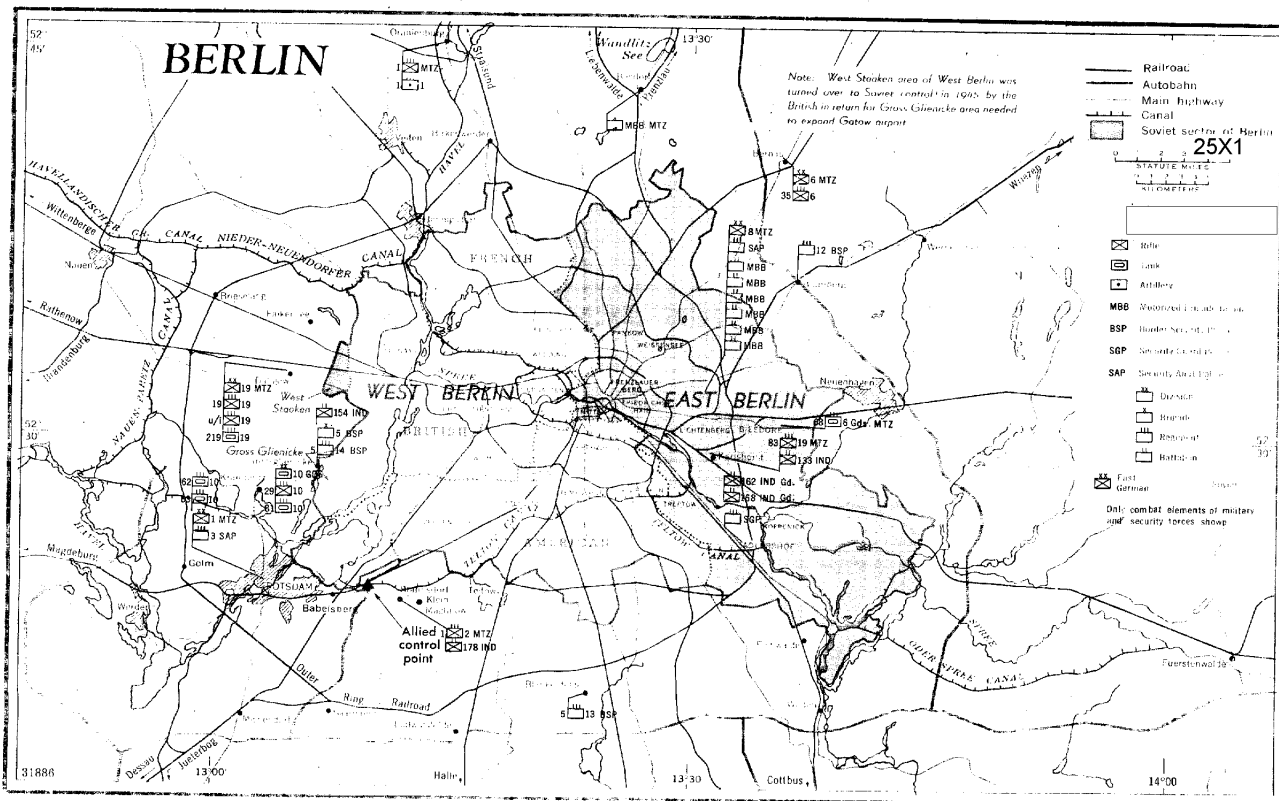
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direct part in sealing off West Berlin. The 43,000 Soviet troops stationed on the outskirts of the city are not involved at this time. Elements from two--or possibly three--Soviet divisions which had been occupying positions around Berlin in small detachment force were apparently back in garrison by about 18 August. Aside from units used chiefly in guard and ceremonial functions, Soviet

pearing near the West German border probably reflect normal training activity. The impression of a general return to normal activity is reinforced by a number of reports indicating that the annual troop rotation may already have begun.

The over-all air situation within East Germany and its adjacent areas appears normal.



forces available for immediate commitment in Berlin consist of five motorized rifle regiments and the same number of tank regiments, with one regiment of each type located in the city and the remainder in nearby areas.

Reports of Soviet troop units of undetermined size ap-

Soviet Attitude

In the aftermath of the East German action of 13 August, the USSR appears to be developing a dual line. On the one hand, Moscow has sought to counteract the impact of Vice President Johnson's visit to Berlin and the redeployment of the US battle group by stressing

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the temporary nature of current access controls. Mikoyan in his public remarks in Japan predicted that a separate treaty would be signed by the end of the year and that access to Berlin for any state would then depend on the conclusion of "special agreements" with the East German regime. This general line was also stressed by the Czech Government, which declared its "irrevocable decision" to conclude a treaty before the end of the year. Khrushchev, in a "letter to American readers" on 21 August asserted that the bloc has reached a firm decision not to postpone a peace conference any longer.

The Soviet protest note of 23 August is consistent with the bloc's broad effort to demonstrate the urgency of a peace treaty before the end of the year. The note, apparently intended as a threatening response to Chancellor Adenauer's visit to West Berlin on 22 August, charges the United States with failure to take measures to suppress "provocative activities" of West German officials in West Berlin. The warning of "possible consequences" of continued West German "interference," together with the demand for immediate measures to terminate "illegal and provocative" actions in Berlin, suggests that Moscow may be preparing the groundwork to justify East German harassment of or restrictions on West German traffic to West Berlin and within Berlin.

In an effort to build a case for continued tightening of East German controls in

Berlin, the note accuses the West of "abusing their situation" in Berlin and flagrantly violating four-power agreements by misusing the air corridors to transport "all kinds of revanchists" to Berlin. On 18 August Moscow had replied to the US protest against East German actions by reiterating its position that the East Germans have legal "sovereignty" over East Berlin and that the four-power status of the Soviet sector had long ceased to exist.

At the same time, Soviet leaders have sought to minimize the prospect of an immediate crisis. The Soviet news agency Novosti transmitted the text of Khrushchev's "letter," which restated the Soviet position on Berlin in a relatively moderate manner and is apparently intended as a sign of reassurance that the bloc will not encroach on Western access to West Berlin pending a peace treaty. He also stressed that the possibility remains of negotiating the terms of continued Western access to and presence in Berlin. However, he ruled out any settlement which would reaffirm Western occupation rights in the city and candidly admitted that the question of East German control over Allied access to Berlin is primarily an issue of "political significance" rather than technical procedure.

Mikoyan dismissed the question of access as a "minor point" and repeatedly asserted that the USSR would accept a four-power or UN guarantee for Berlin.

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Reaction in West Berlin and
West Germany

Vice President Johnson's visit to West Berlin and the movement of additional US troops to the city have succeeded in bolstering the badly shaken morale of the West Berlin populace. According to US officials in Bonn, Chancellor Adenauer's appeal for calm, close association with the Allies, and eventual negotiation with the USSR appears to be closely attuned to the West German public mood. They believe that although Mayor Brandt may have gained increased sympathy and respect from West German voters as a result of the current Berlin crisis, they doubt that this means votes for Brandt's Social Democratic party in the 17 September elections.

West German political figures, despite expressions of wrath and indignation at the sealing off of East Berlin, have generally avoided advocating strong countermeasures and have indicated a feeling of relief that the situation has not gotten out of control. American observers feel that the real impact of the recent events may come only after the elections, when some politician may try to attack the long-standing thesis of Adenauer's Christian Democratic Union that the best chance for ultimate reunification lies in firm ties with the West.

The US Mission in Berlin reports, however, that business and banking leaders feel there have been no disturbing developments in the West Berlin economy. Consumer trade has not approached panic buying and in some respects is only an intensification of "prudent housewifely precaution which began several weeks ago."

The mission also states there have been no significant movements of workers or businessmen from Berlin and no abnormal change in bank deposits or transfer of funds indicating a loss of confidence in the city's economy. Local industries are compensating for the loss of East Berlin workers by transferring personnel and re-employing retired workers.

Although Bonn is not planning any formal ban on West German travel to the East German Leipzig Trade Fair beginning on 3 September, the German Manufacturers' Association has urged a boycott by both exhibitors and visitors. An official of the Munich Chamber of Commerce stated on 21 August that his organization is having a difficult time persuading businessmen to support the boycott. They feel any orders the Germans let go will merely be taken over by British exporters.

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A West German official reportedly stated on 23 August that Bonn does not plan an immediate suspension of trade with East Germany in retaliation for the further East German restrictions of 22 August--even though in his opinion the new restrictions give Bonn "every right to do so." West Germany's interzonal trade representative Leopold told US officials in Berlin that the restrictions violate the guarantees of free movement given by East German officials at the time of the renewal of the East - West German trade agreement last December. He said Bonn officials are considering what action should be taken and especially the consequences of the East German moves on interzonal trade.

French Reaction

At a meeting on 17 August the French Defense Committee under President de Gaulle decided on a number of measures to strengthen French military forces in Germany and eastern France. Public announcement of the details of the measures is being held up pending their execution, but another army division, probably the 7th Light

Armored Division, is expected to be transferred from Algeria to eastern France by mid-September. In July the 11th Infantry Division was returned to France with indications that other units would follow. France may also bring the six brigades now stationed in Germany and the air defense units along the French-German border to full strength.

The return of a second battle-tested division from Algeria would bolster significantly French capabilities in eastern France, even though these units will probably require a period of large-unit training and refamiliarization with heavy weapons in order to operate at full effectiveness. De Gaulle may also find the need for additional French troops on the Continent a convenient way of thinning out his Algerian forces and focusing army attention on its responsibilities outside Algeria. French opposition to the establishment now of a timetable for negotiations with the Soviet Union on Berlin and Germany may stem in part from De Gaulle's interest in keeping the French Army concerned with events outside North Africa.

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LAOS

Soviet Ambassador Abramov made a special trip to Laos on 18 August to urge King Savang to designate Souvanna Phouma as premier. While in Laos, Abramov also took the initiative in arranging talks with Western ambassadors in which he emphasized that the Geneva conferees could wind up their work fairly quickly and come to a final agreement if a Laotian government of national union under Souvanna were formed within the next few weeks.

Abramov commented that if General Phoumi were willing to accept a post as vice premier in a Souvanna cabinet, the USSR had no objection.

Abramov had arranged to meet Phoumi on 24 August and will probably offer this suggestion as one way of settling the issue of a new government.

The Soviet ambassador told US Ambassador Brown that of the outstanding "trouble spots" in the world, Laos was the "easiest to resolve," and solution of this problem would have an effect on other world problems, the most pressing being that of Berlin. Soviet representatives in Geneva have taken a similar line. Moscow may hope that its gesture of compromise regarding Phoumi and some sign of progress at Geneva on the problem of the International Control Commission will be regarded as an indication of the USSR's willingness to negotiate other outstanding East-West issues, notably Berlin.

At Namone, talks in the political committee concerning

formation of a government of national union remain stalled over the question of who should be premier. The Boun Oum delegation is holding to its position that the King should be given a number of names from which to select a premier, while the Pathet Lao persists in its demand that Souvanna Phouma be named premier.

There is some indication the three sides may bypass the premiership issue temporarily in order to discuss allocation of cabinet portfolios, but no progress is likely in this sphere until a premier has been selected.

In the military subcommittee, the three sides have shelved the question of the effective cease-fire date and have moved on to a discussion of where the cease-fire line should be drawn.

The military situation continues to be characterized by sporadic and scattered small-scale clashes, with government Meo units in Xieng Khouang Province the most consistently active. The Pathet Lao and Kong Le forces have been unusually restrained in their reaction to what must be, to them, highly troublesome Meo raids, ambushes, and disruption of their lines of communication. This low-keyed response may possibly stem from a desire to avoid rocking the boat during this period of stepped-up political and diplomatic pressure to gain acceptance of Souvanna as premier.

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CONGO

Recent maneuvering in the Congo has centered about Premier Adoula's 16-18 August visit to Stanleyville to obtain from Gizenga at least nominal support and participation in the new Congo government. Following his assumption of the premiership, Adoula had warned Moise Tshombé that he was prepared to take forcible action to reintegrate Katanga with the Congo. The negotiations with Gizenga reflect Adoula's desire to consolidate his Leopoldville coalition before taking action against the Katanga leader.

On his return from Stanleyville, Adoula denied that formal negotiations had taken place but intimated that Gizenga would shortly come to Leopoldville. According to press reports from Stanleyville, Gizenga has advised diplomats there to transfer operations to Leopoldville and to seek accreditation from the Adoula government. Gizenga's failure to date to take up his vice premiership in Leopoldville, however, suggests that he has attached conditions to his participation which Adoula has thus far failed to meet.

One of Gizenga's demands may be that one of his followers receive the defense portfolio. Foreign Minister Bomboko reportedly has stated that under no circumstances would a Gizengist be permitted in the defense minister's post and that it would continue to be held by Adoula himself.

Adoula appears unlikely to agree to Gizenga's more extreme demands, particularly in view of the latter's diminished personal influence on the Con-

go scene. Adoula's apparent willingness to cooperate with Gizenga, however, points up the fact that the Stanleyville faction has not been defeated by the Leopoldville group so much as absorbed by it. The presence of a large group of former Lumumbists in the Adoula cabinet poses the threat that over a period of time the premier will be pressured in the direction of a bloc-oriented neutralism such as characterized the old Lumumba government.

Gizenga's pretensions may have impressed some African governments into adopting a wait-and-see attitude toward Adoula.

The status of charter air flights into Stanleyville from Cairo is unclear. Although Gizenga representatives had tentatively contracted for around 80 flights by an Air Jordan DC-6 during the forthcoming year, the recent trend toward Congo unity, together with Western pressure against unauthorized flights to the Congo, suggests that flights may not be resumed. The Jordanian Government reportedly has instructed Air Jordan to return to Amman the aircraft it has used for its Stanleyville flights.

In Elisabethville, Tshombé reportedly believed in mid-August that the Adoula government would shortly split, and was awaiting a favorable moment to seek a settlement with Leopoldville. The American consul in Elisabethville observed on 20 August that Tshombé showed no sign of a willingness to discuss practical measures which would demonstrate his sincerity concerning a reconciliation and reintegration with the Congo.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****BIZERTE**

The country-wide demonstrations which President Bourguiba ordered for the three days preceding the 21 August special General Assembly were generally well disciplined. During the initial demonstration, which was in Bizerte, several hundred demonstrators scuffled for most of the night of 18-19 August with French forces at the barricade controlling one of three exits from the native section. Some of the demonstrators penetrated the barrier to present to the governor of Bizerte Province a formal declaration of support for Bourguiba's policy of demanding the evacuation of French troops from the base as well as the city.

French forces handled the demonstrators firmly but, in accordance with orders of base commander Admiral Amman, they refrained from shooting. Bourguiba had warned that his troops would respond with "all means at their disposal" should French forces open fire. Prior to the Bizerte demonstrations, the French strengthened their defenses within the city and commandeered the two ferries on Bizerte Canal, thereby cutting off the main route from Tunis into the city and further curtailing services and shipments of food into the native sector. The Third Foreign Legion Infantry Regiment--one of three reinforcing units transferred to Bizerte in July--returned to Algeria on 17 August, but it has been at least partially replaced by naval personnel.

At the United Nations--where voting on the Afro-Asian

draft resolution criticizing France is expected late this week--France has refused to participate in the debate. Some Tunisian officials were inclined to moderate the extreme passages of the draft in order to gain its acceptance by Western leaders. Tunisia's UN delegation nevertheless felt compelled to leave the draft alone for fear that changes would disrupt tenuous Afro-Asian solidarity.

The Tunisians had also feared that extraneous issues might be introduced into the discussion and were anxious to confine debate to the single issue of Bizerte, but the debate affords Cuba and the Soviet bloc an opportunity to launch a general attack on the existence of Western military bases around the world.

Both the French and Tunisians continue to stand by the positions taken in their notes of 11 August. France had offered to negotiate a "return to a more normal situation" at Bizerte and to acknowledge that France does not intend to hold the base "forever" but had refused to surrender freedom of action regarding the timing of evacuation. Tunis continues to hold that France can "normalize" the situation in Bizerte by compliance with the Security Council's 22 July resolution--withdrawing its forces within the perimeters of the base complex. The Tunisians further stipulate that any negotiations must concern the substantive issue of agreement to evacuate the base.

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FRANCE-ALGERIA

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Despite recent reports that steps were under way in Paris to develop regroupment and/or partition as a last resort if the provisional Algerian government (PAG) does not soon resume negotiations or if further talks fail, Minister for Algerian Affairs Joxe's staff chief insisted on 18 August that absolutely no planning had been done. Press correspondents recently invited by the army to tour French Army positions in Algeria along the Tunisian border reported concrete fixed fortifications being strengthened, which suggests that the French do not expect to abandon present positions, as might be anticipated if new defenses were to be established around regroupment areas.

The deliberations of the National Council of the Algerian Revolution (CNRA) meeting in Tripoli continue to be tightly held, although rumor--probably inspired by the PAG--has it that moderates are giving way to extremists intent on "internationalization" of the Algerian conflict. However, if a tougher leadership has actually been agreed on, it is unlikely to take over before the UN General Assembly considers the issue, or before Paris shows it has given up hope in negotiations. The apparent PAG conviction that Paris will make concessions is strengthened by De Gaulle's announced intention to end the Algerian problem one way or another before the end of the year. PAG leaders argue that De Gaulle cannot establish an Algerian executive without their participation or approval, and they refuse to believe that he would actually undertake partition.

Meanwhile, the French Army, released from the unilateral cease-fire, has considerably stepped up operations against the rebel forces. A major factor in the government's decision to permit a renewed offensive has been the impact of reports of discontent and lowered morale. Several competent military correspondents have analyzed the adverse situation produced by the one-sided truce for the French. Both the Figaro military expert and the American consul general in Algiers have suggested that the unusually large numbers of French troops being reported "missing" at that time were probably Moslem deserters. Fear of large-scale desertions as signaling the beginning of the end in Algeria has long been a nightmare for French authorities.

De Gaulle nevertheless apparently decided to risk the disapproval of military officers determined to hold the line in Algeria when he decided on 17 August to move another division from Algeria to Europe in view of the Berlin crisis. The existence of a serious Berlin crisis at this time is a major factor keeping in line those officers who oppose De Gaulle's Algerian policy and who would be inclined to act to forestall moves aimed at sloughing off the Algerian burden.

The government's continuing concern over the terrorist activity of the Secret Army

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Organization (OAS) and over a possible rightist coup attempt was underlined recently by Interior Minister Frey. In two press interviews in which he seemed to minimize the danger, he nevertheless called for public vigilance and more severe legal action in addition to police activity.

The government has announced it will continue purging the administration and armed services of elements who were fence-sitters during the April military mutiny. Civilian rightist opposition to De Gaulle was further highlighted this week when Jacques Soustelle revealed in a press interview that he has been "in exile" since April.

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CUBA

The activities of Che Guevara following the inter-American economic conference in Uruguay give further evidence that Cuba now is using a softer, more conciliatory line in dealing with other Latin American nations and, to a lesser extent, with the United States. This apparent shift in tactics, recently indicated by Guevara's show of moderation during the conference sessions, could result from a desire, for economic or political reasons, to avert a strong hemisphere stand against the Castro regime. Reports of increasing economic hardships in Cuba, including shortages of food and other necessities, are mounting, and the regime's scheduling of a "national meeting" in Havana on 26 August for a public discussion of economic problems betrays growing concern over their effect.

Politically, the new tactics could result from Castro's fear that international Communism's major objectives in the area--to create other "socialist" regimes and to isolate the United States--would be jeopardized by the continuing alienation of other Latin American governments and worsening US-Cuban relations.

Guevara's public appearances in Uruguay, Argentina, and Brazil, despite the moderate nature of his statements, sparked sharp dissension among key elements in each of the three governments on the Cuban question. After one person was killed in the clash of anti- and pro-Castro elements following Guevara's speech on 17 August to university students in Montevideo, Uruguay's National Council of Government split on a proposal to declare him persona non grata and finally agreed on a weaker statement condemning him for intervention in domestic political affairs.

In Argentina, President Frondizi's meeting with the Argentine-born Guevara on 18 August gave rise to strong protests from the military.

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[redacted]

In Brazil, President Quadros' action in conferring his country's highest decoration on Guevara on 19 August was viewed as "the last straw" by some quarters which oppose the "increasingly leftist policy" of the Quadros administration.

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Some of Guevara's recent statements [redacted]

closely paralleled those made by Castro in the course of a long conversation with Colombian Foreign Minister Turbay on 9 August in Havana. Turbay concluded from Castro's remarks that the Cuban leader may be having "deep domestic troubles" and wants to find a way out, and that he is anxious to avoid giving the US any pretext for intervening in Cuba because he is uncertain how much Soviet aid would be forthcoming. Turbay, who had been touring various Latin American countries seeking support for Colombia's plan to convoke an OAS meeting to define the conditions under which Cuba could continue or cease its membership in the inter-American system, implied that he now feels there is some hope that Cuba will be amenable to the influence of other Latin American governments.

Recent announcements by Radio Havana of routine shipments arriving in Cuba from bloc countries disclose that Communist China, despite its own food shortages, is continuing to send canned meats

and rice to Cuba. Other bloc countries are also sending token amounts of foodstuffs.

The naming of President Osvaldo Dorticos instead of Fidel Castro as head of the Cuban delegation to the summit conference of nonaligned nations opening in Belgrade on 1 September may indicate that Cuba will play a more restrained, less important role there than it did in the preparatory meetings in Cairo. Cuban Foreign Minister Raul Roa, whose extreme leftist position and bitter anti-US invective nearly disrupted the Cairo talks, will also go to Belgrade. He may overshadow Dorticos, who is little more than a figurehead.

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[redacted]

All diplomatic missions in Havana except those of Sino-Soviet bloc countries have protested the Castro regime's limitation of their official and private funds in accordance with the provisions of the recent currency reform decrees. [redacted] representatives of 27 nations, including the UAR and Yugoslavia, agreed at a meeting on 15 August to insist on a full exchange at par value instead of accepting Cuba's limit of

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10,000 pesos. A later report added that at an 18 August meeting to approve a joint note to the Cuban Government, the UAR representative refused to sign

the document, which was delivered to the Foreign Ministry on 21 August.

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DOMINICAN REPUBLIC

The situation in the Dominican Republic appears moving rapidly toward a crisis as mounting pressures among conflicting military and political forces seriously endanger President Balaguer's transitional government and the liberalization program to which he is committed.

Hostility between elements of the armed forces and newly organized opposition groups has led to bloodshed in several towns in the interior. Santiago, the country's second largest city, was the site of the most recent killings, where on 20 August at least two oppositionists were murdered, apparently by army or police officers, or by mobs organized and directed by the local authorities. Most businesses in the city were closed in protest on 21 August.

The killings are symptomatic of the fear of many old-line officers that their positions are threatened by the new political freedom under Balaguer and the accompanying expressions of hostility to the military on the part of opposition elements.

On 22 August, a member of the National Civic Union (UCN), a moderate opposition group with extensive middle-class backing,

told the US consul that at a meeting of Dominican generals and colonels on 18 August, General Ramfis Trujillo had made them sign blank pages. Officers sympathetic to the UCN are said to suspect that the pages may be used as a petition to request a more "forceful" policy, if not the installation of a military regime.

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A ranking PRD leader told the consul on 22 August that he had been approached by a non-commissioned officer of the navy. The man claimed to be a spokesman for a group of naval colleagues who, together with their contacts in the air force, are planning a coup. The spokesman, indicating distrust for the UCN, asked for PRD support. The PRD leader told the consul that his response had been negative, and he added that he knew of another antigovernment conspiracy, allegedly in the army.

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BRITISH GUIANA

By winning 20 of the 35 legislative seats in British Guiana's elections on 21 August, Cheddi Jagan's People's Progressive party (PPP) will have firm control over the internally self-governing colony. Jagan's position will be enhanced by the fact that the remaining legislators--11 from the socialist Peoples's National Congress (PNC) and four from the conservative United Force--will be divided and disorganized. Jagan and about seven other PPP legislators are believed ideologically committed to Communism, and most others will support Jagan out of party discipline or for personal advancement.

The results of the elections--in which over 80 percent of the electorate voted, as compared with only 55 percent in 1957--demonstrate the continued organizational skill of Jagan's wife, Janet, who is considered a more doctrinaire Communist than her husband. She is expected to become president of the 13-member appointive Senate. Up to nine ministers will be appointed by the governor on the advice of the premier and, in addition to three members of the previous government, will probably include several of the young Communists recruited into party activity by Janet.

Britain has retained control of defense and foreign affairs except for trade agreements. Otherwise, Cheddi Jagan's authority as premier will be checked only by the Senate's

power to delay legislation. Aiming to be conciliatory to avert a drift into the Soviet bloc, London will be receptive to Jagan's demand for early independence within the Commonwealth, perhaps granting this as early as the spring of 1962. Membership for British Guiana in the West Indies Federation--a development London would like to promote to blunt Jagan's influence--is considered unlikely.

The rough treatment Jagan received during the election campaign from PNC supporters and inadequate protection from the police may lead to quiet efforts both to curb the influence of the rival parties and to make the police more an instrument of the PPP. The prospective attorney general has said that he has some "scores to settle."

The PPP program calls for socializing the "commanding heights" of the economy and for a neutralist foreign policy. Jagan has stated he will seek aid and economic experts from all sources, and he will soon leave for Britain and the US seeking independence and aid. While openly professing admiration for Castro, from whom he is believed to have received a printing press, Jagan may hesitate to develop ties with Cuba at this time beyond trade agreements lest he jeopardize his chances for early independence. Cuba has already brought Guianese rice; a contract for timber was announced on 16 August, but the terms remain to be negotiated.

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In Israel's election on 15 August, Prime Minister Ben-Gurion and his moderate socialist Mapai party suffered a setback, losing five seats in the Knesset (parliament). These losses probably resulted mainly from defections on the part of erstwhile Mapai supporters who disapproved of Ben-Gurion's handling of the "Lavon affair," which precipitated the election.

Mapai remains the country's largest party--more than twice the size of any other in terms of electoral support--but since it lacks a parliamentary majority, a coalition will again have to be formed. Protracted negotiations may be required before the new Fifth Knesset votes its approval of a government.

One thing is all but certain: the 74-year-old Ben-Gurion will again be prime minister. Ben-Gurion deplors the Israeli electoral system of proportional representation because it is conducive to the existence of several small parties, and he has proposed a unification conference of labor parties as an antidote to political fragmentation.

The two left-wing labor parties, Mapam and Achdut Haavoda, which participated in the previous coalition, accordingly may again be members of the government. Other potential coalition partners are the new Liberal party and the National Religious party. The Liberals' terms for joining a Mapai-led govern-

ment presumably would include demands for increased liberalization of the economy and a shift to a more "neutralist" foreign policy. In any case, Israel's attitude toward the Arab states would not be altered.

The chief significance of the election in the long run could prove to be its effect on the balance of political forces within Mapai and the implications of the election setback for the future leadership of the party and, in turn, the country. Ben-Gurion is the champion of a younger group in the party which includes Moshe Dayan and Shimon Peres. Both of these protégés were involved in the scandal over the 1955 sabotage operation which was at issue in the Lavon affair--a controversy which in its early stages was partly an intra-Mapai struggle for power. The party's "old guard," with the exception of Ben-Gurion, regards Dayan and Peres with suspicion, and if Mapai's losses are attributed to the Lavon affair, the younger men presumably will receive some of the blame and be in a weaker position when the time

RESULTS OF ISRAELI NATIONAL ELECTIONS

	Seats won in the Knesset (Total of 120 seats)		
	1955	1959	1961
Mapai	40	47	42
Herut	15	17	17
Liberal { General Zionist	13	8	17
{ Progressive	5	6	
Mapam	9	9	9
Achdut Haavoda	10	7	8
National Religious	11	12	12
Agudat Israel	6	6	4
Poalei Agudat Israel			
Communist	6	3	5
Arab parties (affiliated with Mapai)	5	5	4

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comes to choose a successor to Ben-Gurion.

UAR

The reorganization of the UAR cabinet on 16 August appears designed primarily to speed the execution of the series of economic and social decrees announced by Nasir last month. This aim, along with a trend toward government centralization in Cairo, stands out in official explanations of the change, but several questions on how the new setup will function remain unanswered.

Emphasis is being placed on the duties to be assumed by the seven vice presidents, who will be responsible for broad areas of the government's activities. Members of the cabinet--36 ministers and three deputies--presumably will work closely with and be responsible to the vice presidents, but their precise relationship is not yet established.

Much interest centers around the real duties to be assumed by Vice President Abd al-Hamid Sarraj, formerly Nasir's security chief in Damascus and chairman of the now-dissolved Syrian Executive Council. If, as stated by Cairo radio, Sarraj is to be responsible for internal security and administrative prosecution and control throughout the UAR, then he appears once again to have received a vote of confidence from Nasir, de-

spite repeated reports that Nasir questions his loyalty to the regime.

Nasir's official spokesman, Minister of State Hatim, has declared that separate executive councils for Egypt and Syria will continue to function. Presumably their status will be reduced from their former rank of near-equality with the central cabinet. Their continuance,

UAR VICE PRESIDENTS AND CABINET

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Vice Presidents	Responsibilities
Field Marshal Abd al-Hakim Amir	National defense (also heads Ministry of War)
Nur al-Din Kahhalah	Production
Kamal al-Din Husayn	Local administration
Zakariya Muhyi al-Din	Public establishments involved in production functions
Husayn al-Shafii	Public establishments involved in service functions
Abd al-Hamid al-Sarraj	Internal affairs
Abd al-Latif al-Baghdadi	Planning
Ministers	Ministries (some are shared)
Ahmad al-Hunaydi	Agrarian reform
Ahmad al-Mahruqi	" "
Ahmad al-Hajj Yunis	Agriculture and land reclamation
Sayyid Mari	Agriculture and land reform
Mustafa Khalil	Communications
Abd al-Munim al-Qaysuni	Economy and treasury
Hasan Abbas Zaki	" " "
Akram Dayri	" " "
Sayyid Yusuf	Education
Tharwat Ukashah	Education and national guidance
Mahmud Fawzi	Foreign affairs
Nur al-Din Tarraf	Health
Shawkat al-Qanawati	"
Musa Arafah	High dam
Amjad al-Tarabulsi	Higher education
Tumah al-Awadatallah	Housing and public utilities
Aziz Sidqi	Industry
Abbas Radwan	Interior
Nihad al-Qasim	Justice
Kamal al-Din Rifat	Labor and state
Jadu Izz al-Din	Local administration
Abd al-Muhsin Abu al-Nur	" "
Ahmad Faraj	Planning
Ali Sabri	Presidential affairs
Salah al-Din Hidayat	Scientific research
Thabit al-Aris	Social affairs
Ahmad Husni	State
Abd al-Wahhab Hawmad	"
Fakhir al-Kayyali	"
Abd al-Qadir Hatim	"
Farid Zayn al-Din	"
Kamal Ramsi Istinu	Supply
Jamal al-Sufi	"
Ahmad Abdullah Tuaymah	Waqfs (religious endowments)
Yusuf Muzahim	" " "
Ahmad Abd al-Sharabasi	Works

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however, suggests a recognition of the fact that, despite the regime's claims of increasing unity between the two regions, Syria and Egypt pose separate and distinct problems for the central government. New personnel for these councils reportedly will be appointed soon.

It will probably be some months before the new UAR organization shakes down and lines of authority become clear. These administrative changes, however, combined with the recent decrees and pronouncements of Nasir and his advisers, reflect the regime's continuing determination to carry through its plans for shaping a "democratic, socialist, cooperative" society.

Kuwait

The "Kuwait crisis" is over, but its legacy lingers on. The main problem is to arrange the replacement of British troops by an Arab force. An Arab League military committee which visited Kuwait from 8 to 13 August signed an agreement with the Ruler for the stationing of a 3,000- to 3,500-man force whose expenses will be borne by the Kuwaiti Government. Subsequently the Ruler formally requested the withdrawal of the British troops.

The nationality and composition of the Arab force have not yet been settled; it appears that its commander will be either a Saudi or a Tunisian. Although a target date of 1 September has been set for the arrival of the first Arab troops, arrangements seem to be moving very slowly.

British troops are expected to withdraw as Arab troops move in, but a British training mission is likely to remain to help in the organization of a Kuwaiti army which eventually

may be able to take over from the mixed Arab force.

Iraqi Prime Minister Qasim still maintains his claim to Kuwait. The Iraqi press and radio have attacked the Arab League's actions on the Kuwaiti issue, and there are rumors that the Iraqi Government intends, as a propaganda move, to publish in full the secret debate at the Cairo special meeting of the Arab League on the Kuwaiti issue.

The Sudan

Sudanese police on 21 August fired into a crowd of religious demonstrators, killing 12 and wounding several others. The demonstrators, most of whom apparently were members of the influential Ansar religious sect, had been celebrating the anniversary of the prophet Mohammed's birth. The incident could lead to a showdown between the military regime and opposition elements who have recently been agitating for a return to civilian government.

The head of the Ansar sect, Siddiq al-Mahdi, who is also the most important figure in the opposition, has up to now been reluctant to take violent action against the regime in support of his demand for broader civilian participation in the government. However, he may feel that this latest police action has placed him in a position where he must make a vigorous antigovernment move or lose the confidence of his followers. In the event of a showdown, Al-Mahdi could muster about 5,000 of his primitively armed Ansar tribesmen and could probably count on support from a sizable number of Ansar adherents within the Sudanese Army.

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GHANA EXPANDS BLOC TIES

Ghana's involvement with the Communist world appears to have increased significantly as a result of President Nkrumah's extended visit to nine Sino-Soviet bloc countries and Yugoslavia. Nkrumah has been accompanied by an unusually large entourage, including top government and party leaders and the heads of Ghana's special-interest mass organizations.

The tour, Nkrumah's first within the bloc, has been in progress since 10 July. It has included official stops in the USSR, Poland, Hungary, Czechoslovakia, Yugoslavia, Rumania, Bulgaria, Albania, and Communist China. On 1 August, Nkrumah paid a brief "private" visit to East Berlin. At present he is vacationing in the Crimea prior to attending the conference of non-aligned nations starting in Belgrade on 1 September.

So far the most dramatic development of the tour was the conclusion in Peiping on 18 August of an economic and technical cooperation agreement under which the Chinese extended to Ghana an interest-free credit valued at \$19,600,000. This brings the total of known bloc credits extended to Ghana--all since August 1960--to nearly \$110,000,000, a figure approximately equal to the aid being given Guinea. Prior to Nkrumah's trip, Ghana had obtained aid commitments from the USSR (\$53,440,000), Czechoslovakia (\$14,000,000), Poland (\$14,000,000), Hungary (\$7,000,000), and East Germany (\$1,764,000).

Nkrumah's visit to China was also marked by the signature of a friendship treaty, a cultural cooperation pact, and a five-year trade and payments agreement calling for trade exchanges totaling \$22,400,00 annually. Sino-Ghanaian trade in 1960 amounted to only \$4,345,000 and accounted for less than one percent of Ghana's total foreign trade in that year.

A TASS announcement issued at the end of the formal visit to the USSR proclaimed Moscow's agreement in principle to step up its purchases of cocoa, Ghana's chief export, to approximately 60,000 tons a year by the end of a five-year period. Known Soviet cocoa purchases from Ghana have exceeded 30,000 tons only twice, and this year will be under 10,000 tons. However, the same announcement revealed that the terms of such a deal are still under negotiation.

The USSR also expressed its readiness to supplement the \$40,000,000 development credit it made available to Ghana last year. Additional agreements enabling the bloc to extend its influence into new areas of the Ghanaian body politic--such as the military establishment and even the legal system--may be eminent. The number of bloc technicians in Ghana--already well over 200, counting the aviation specialists sent to operate the IL-18 aircraft acquired by Ghana under a special credit--seems likely to rise sharply.

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In various communiqués Nkrumah associated himself more closely than he had previously with Soviet policy on certain East-West issues. He endorsed Soviet disarmament proposals as "a reasonable basis for negotiations"; he also expressed "appreciation" of Soviet proposals regarding a German peace treaty and the settlement of the "West Berlin issues" on this basis. Subsequently, a Ghanaian diplomat indicated that Nkrumah is prepared to make a similar statement leaning to the Western position on Berlin at a suitable time.

In public speeches, the Ghanaian President went to new extremes in his denunciations of Western imperialism and colonialism while virtually endorsing a number of Moscow's major propaganda themes--such as its claim to be the most appropriate model for underdeveloped countries to emulate.

In the course of the tour Nkrumah announced Ghana's decision to establish diplomatic relations with Hungary, Rumania, Bulgaria, and Albania. Accra 25X1 already had such ties with the USSR, Czechoslovakia, Poland, and Communist China.

MIKOYAN'S VISIT TO JAPAN

During his nine-day visit to Japan, Soviet Deputy Premier Mikoyan exploited the East-West conflict over the Berlin situation in an effort to convince the Japanese that their security treaty with the US has involved them in world affairs far more than they may have realized. In his opening remarks to Prime Minister Ikeda on 16 August he assailed the treaty and repeatedly warned that if war would break out over Berlin, Japan would become involved because it is "pledged to cooperate with the

United States by the security treaty."

Mikoyan apparently hoped to stimulate Japanese support for a negotiated settlement of the Berlin issue by stressing that a war over Berlin "may be a nuclear war" and by emphasizing the danger of nuclear annihilation of the Japanese if the US were to use bases in Japan for an attack on the USSR. By blaming Washington for failure to reach a negotiated Berlin settlement, Mikoyan probably

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hoped also to offset the favorable Japanese reaction to Ikeda's recent trip to the US.

During his courtesy visit to Ikeda, Mikoyan delivered a letter from Khrushchev which attacked the presence of foreign military forces and bases in Japan as the outstanding impediment to friendly relations with the USSR. Mikoyan, in elaborating on the letter, claimed scientific and technological superiority for the USSR and asserted that it has a far stronger military capability than the US in the Far East. He also proposed an exchange of views between Tokyo and Moscow on international issues and urged Japan to add its voice to the demand for the abolition of all nuclear weapons.

Mikoyan repeated the substance of these remarks in discussions with other Japanese leaders and in subsequent speeches during his tour. He told Socialist party leaders that the signing of a peace treaty and the return of the Soviet-held Japanese islands of Habomai and Shikotan depended on abrogation of the US-Japanese security treaty. He expressed his support of a Socialist-sponsored proposal for a four-nation Far East collective security arrangement to replace the security treaty.

The Japanese Government and press reacted sharply to Mikoyan's efforts to exert political pressure on Japan, and protests have been widespread and unusually acrimonious. Ikeda and other government officials have accused Mikoyan

of distortion, denounced his use of threats to achieve Soviet aims, and charged interference in Japanese affairs. The major dailies, in a turnabout from last year, have defended the security treaty and denounced Mikoyan, although their attitude probably reflects more a sense of national indignation than pro-American sentiment.

The Soviet leader's visit appears to have dimmed any hope Moscow had for an early softening of Japanese attitudes toward the USSR. It apparently was impossible for Mikoyan to reach agreement with Japanese officials on matters of mutual concern--trade, commercial air routes, and cultural exchanges. His endorsement of increased trade between the USSR and Japan, however, is likely to have the desired effect on Japanese business interests. Deputy Minister of Foreign Trade Kuzmin, who accompanied Mikoyan, presented Japanese officials with a Soviet "shopping list" of some \$200,000,000 worth of complete plants which the USSR wants to buy from Japan outside the framework of the agreement now in force.

Mikoyan's proposal to sign a 15- to 20-year trade pact was parried by the Japanese, but they agreed to discuss a long-term agreement during the annual trade negotiations in November; the current three-year trade pact expires in December 1962. A large contract for the purchase of Soviet lumber was signed, as well as one for Japan to supply six oxygen separator plants worth about \$14,000,000.

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FURTHER RETREAT FROM COMMUNE SYSTEM IN COMMUNIST CHINA

A further important re-vamping of the rural commune system is evidently under way in Communist China.

commune production groups are being broken up into smaller units, that farmland is being allocated to individuals and groups of workers, and that messhalls are being closed.

Available information on organizational and operational changes varies in details but adds up to a further retreat by the regime from centralized control over farm production. This control has been in the process of fragmentation since late 1958.

There have been two major stages in this process. The first ended in mid-1959 when the production brigade--a smaller farm unit equivalent in size to the commune's predecessor, the agricultural producer cooperative--supplanted the commune as the basic farm unit. The second ended in late 1960 when important responsibilities were transferred from the brigade to the production team, the smallest unit of the original commune. The brigade at this time, however, was to remain the basic farm unit responsible for setting production targets, allocating resources, and distributing income.

Reports now being received indicate that the main authority over farm production may have been transferred to the production teams. Hinting to this effect, a People's Daily editorial of 21 June, in reporting on a production brigade in Kiangsi whose teams exercised the main authority over sowing plans, the amount of seed to be retained, and cultivation techniques, stated that brigades should issue "preliminary"

instructions to their production teams. The daily even cited approvingly an instance where teams had refused to implement plans assigned by the brigade.

In another instance, Peiping's People's Daily on 3 July reported a division of authority between production teams and still smaller units of "work groups," with the latter responsible for assigning production tasks, setting pay standards, and helping the team set work norms and decide on management procedures.

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a more formal transfer of authority may have been ordered, possibly from the highest level of the party and government. One farmer from Kwangtung said that his production brigade had transferred the "ownership" of land, farm tools, draft animals, and manpower to its production teams, and that these resources were in turn given as "fixed loans" to an even smaller division, the work squads. Another report from Kwangtung states that the unit equivalent to the production team in one commune has been made the "basic economic unit" responsible for distributing income. Numerous other reports describe the reorganization of communes, brigades, and teams into smaller units during the past winter and spring, although no mention is made of any transfer of key responsibilities.

Another step in the retreat from the commune system would be the closing of rural messhalls--for which there is evidence from Kwangtung and other indications over larger areas. The public messhall, at least until this year, was the sole remaining social innovation of the original commune and an important control

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over consumption in rural areas. Press discussions of distribution policy for the first harvests of the year fail, for the first time since 1958, to specify that food grains will be distributed to messhalls. There have even been some statements that food grains should be distributed directly to commune members.

There are signs that another important organizational change may be in the offing. [redacted]

[redacted] a "new farm system" has been proposed for discussion in Kwangtung communes, and that it may be introduced some time between

now and the fall harvest. This new "contract production system" entails the allocation of farmland to individuals and small groups and the collection by the state of a fixed "land tax."

This system appears to have characteristics of tenant farming. Speculation on the chances of its being introduced would be premature at the present time, inasmuch as the regime's policy for the immediate future it likely to hinge on the size of the harvest this year and on Peiping's judgment as to the limits of peasant endurance. [redacted] (Prepared by ORR)

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MORALE IN COMMUNIST CHINA

[redacted] the hardships endured by the population during the past two or three years have resulted in widespread psychological depression and cynicism on the part of the public. The letdown has been all the greater because of the grandiose promises of coming prosperity made by the regime at the beginning of "the great leap forward" program in 1968.

To date the growing disillusionment has generally not taken the form of organized antiregime activity, but is characterized by petty infractions of the law, open grumbling, and indifference to authority. Theft, black marketeering, and begging--all directly attributable to the worsened economic situation--

have risen sharply. The regime has apparently decided on a laissez faire attitude toward the minor manifestations of discontent, but has quickly taken repressive steps to eradicate any overt signs of sedition.

The changes in attitude and action [redacted]

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[redacted] in China contrast with the standards of morality and behavior which the Communists have tried to impose on the population. [redacted]

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Public controls were partially relaxed last fall, presumably because the authorities decided to allow the populace a safety valve. Apart from the food shortages, Peiping's problems are complicated by the lack of other consumer necessities.

people's clothes are gray with dirt--soap is rationed at half a cake a month--and cloth is so hard to buy that the "patches are being patched." these hardships have produced a growing preoccupation with personal affairs; "selfishness" has increased, and conversations among the hungry are almost exclusively about food. Official complaints about the need to "generate revolutionary enthusiasm among the masses" indicate that Peiping is aware of the situation.

The new mood of disrespect for Communist virtues has also affected party members, some of whom have been rebuked in the Kwangtung provincial press for showing favoritism when recording their relatives' work points--on which the amount of their ration depends.

The regime has taken some halfhearted measures to stem abuses. Hesitant to arrest and imprison individuals caught stealing food, it has tried, at least in some cases, to humiliate them at public meetings. In the eyes of the public, however, it is no longer shameful to steal food.

The only offense which brings immediate counteraction from the authorities is one which openly challenges the regime's control or impugns the political leadership. When signs reading "Down with Mao Tse-tung" appeared in Shanghai, every effort was made to compare the calligraphy in the signs with that of local residents in an effort to track down the culprit. Food riots--apparently few in number so far--have been quelled forcefully and quickly. The regime apparently draws a firm line beyond which it will not tolerate dissent.

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ALBANIAN-BLOC RELATIONS

Albania's growing isolation from the Soviet bloc over the past several months apparently has been self-imposed as well as forced on it by Moscow. While the USSR has been seeking, by various forms of pressure, to force Albania back into line, Tirana--particularly since the first week of August--has also taken steps to lessen its dependence on the bloc, to protect itself from Soviet interference, and to deprive Moscow of certain Albanian services.

It now seems likely that party leader Enver Hoxha was the only East European party leader absent from the Warsaw Pact meeting held in Moscow from 3 to 5 August. This is suggested by Albania's failure to comment on the composition of its delegation, as well as by the wording of the introduction to a statement purportedly delivered by the "head" of the delegation to the meeting and published by Tirana on 8 August. Hoxha would probably have been

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mentioned by name if he had in fact led the group.

The 8 August statement is only slightly more aggressive in tone than recent Soviet statements on the German problem, but is unusual by the mere fact of its publication. Albania presumably is exercising the right and obligation--implied in the December 1960 declaration of 81 Communist parties--for each party to make its own views known in international Communist meetings. Normally such views, however, emerge only in the consensus made public by the meeting as a whole. The only precedent for Albania's insistence on making its individual voice heard is the publication by Peiping of the Chinese delegate's speech to the February 1960 pact meeting.

Apparently as a result of Soviet rebuffs, Tirana has reversed its policy during the past two months of abstaining from propaganda attacks on Yugoslavia. During this period, the Albanians--probably as a gesture to Moscow, which has adopted a favorable attitude toward the summit conference of neutral nations to take place next month in Belgrade--had not published

any articles devoted solely to attacks on the Yugoslavs. On 13 August, however the leading regime paper published an article claiming that Yugoslavia is neither socialist nor neutral. This attack was followed on 17 August with another article delineating the allegedly deleterious effect of revisionist policies on Yugoslavia's economy.

Albania may also be boycotting meetings of the bloc's Council for Mutual Economic Assistance (CEMA). Albanian representatives were not noted at the four subcommittee meetings held in July. Although not every bloc state is represented on every CEMA commission or subcommittee, it is likely that Albania's absences were more than mere coincidence.

Recent reported bloc pressures on Albania, in addition to continued economic measures, have included calling home some Soviet and satellite citizens from Albania and the expulsion of Albanians from elsewhere in the bloc. Between April and June, the number of Soviet technicians was reduced, and most of the Czech, Hungarian, and East German technicians reportedly were recalled from Albania. Albanian students reportedly will not be permitted to resume their studies this fall in Rumania and Czechoslovakia. The USSR, Czechoslovakia, and Hungary, furthermore, canceled planned tourist excursions this summer to Albania.

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CONFIDENTIAL**CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****SUMMIT CONFERENCE OF NONALIGNED NATIONS**

The meeting of nonaligned nations, which opens in Belgrade on 1 September, will bring together leaders and observers from at least 26 nations in Asia, Africa, and Latin America. It will be the largest such convocation since the Afro-Asian conference at Bandung in 1955.

In its composition and its temper, this conference will differ radically from the larger Bandung meeting. Half of the nations which were at Bandung will attend, including the UAR, India, Burma, Lebanon, Indonesia, and Ghana (then the Gold Coast). Missing, however, will be Jordan and Liberia, as well as those Bandung participants formally aligned with the West--Thailand, the Philippines, Turkey, Japan, Pakistan, Iran, and South Vietnam. Also absent will be Communist China and North Vietnam which, like those tied to the West, fail to meet the criteria of nonalignment agreed to for this meeting. Added to the Bandung group will be Yugoslavia, some of the emergent nations of Africa, and several Latin American states.

The Belgrade meeting will thus reflect several major changes which have occurred in the world since 1955. The Afro-Asian concept, which was unwieldy at best, has been displaced in favor of a standard more directly related to the formulation of foreign policy. The choice of locale reflects the rising influence of Yugoslavia and the enhanced stature of President Tito, who has been a moving force behind the conference planning.

Increased interest in Latin America reflects a

significant change in the way a few of its leaders regard traditional ties with the West and in the way Afro-Asians have come to regard Latin America. Perhaps most significant of all is the emergence of the Africans, many of whom make the old anti-imperialistic firebrands like Nehru, Sukarno, and even Nasir look considerably more moderate.

Original Participants

The Belgrade conference developed out of a round of visits this spring among Tito, Nasir, and Sukarno, with the major initiative coming from the first two. Tito and Nasir share the view--despite their repeated contrary assurances to Nehru--that, as heads of small states with little influence individually, they can best advance their aim of broader leadership by creating some sort of bloc of nations which might express foreign policy views collectively. To this end, in May they invited 21 other states to a preparatory conference in Cairo the following month.

To the sponsors, India's participation in the planning meeting was crucial. They failed to obtain Nehru's co-sponsorship, largely because the Indian leader feared such a meeting might serve to increase rather than lower world tensions. His lack of enthusiasm was also consistent with his long-established opposition to any movement toward the formalization of a "third force" which, he feels, would compromise the concept and effectiveness of nonalignment as a policy.

Nehru was finally persuaded to send a representative

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NONALIGNED NATIONS' SUMMIT MEETING

(Scheduled for Belgrade 1 September 1961)

Original 20 Countries:	Known or Probable Participants:	New Invitees:	Known or Probable Participants:
*Afghanistan	Prime Minister Daud	Bolivia	Observer
*Burma	Prime Minister U Nu	Brazil	Observer
*Cambodia	Chief of State Sihanouk	Ecuador	Observer
*Ceylon	Prime Minister Bandaranaike	*Lebanon	Prime Minister Salam
Cuba	Pres. Dorticos	Mexico	Declined
*Ethiopia	Emperor Haile Selassie	Nigeria	Declined
*Ghana	Pres. Nkrumah	Togo	Reportedly declined
Guinea	Pres. Touré	Upper Volta	Declined
*India	Prime Minister Nehru		
*Indonesia	Pres. Sukarno		
*Iraq	Foreign Minister Jawad	Others:	
Mali	Pres. Keita	Congo	Not known
Morocco	King Hassan II	Provisional Algerian Govt.	Prime Minister Abbas
*Nepal	King Mahendra	Tunisia	Pres. Bourguiba
*Saudi Arabia	Not known	Cyprus (?)	Not known
Somali Republic	Pres. Aden		
*Sudan	Pres. Abboud		
*UAR	Pres. Nasir		
Yemen	UN Ambassador Hassan		
Yugoslavia	Pres. Tito		

* Attended Bandung Conference in 1955;
Ghana was then Gold Coast and the UAR
was then Egypt and Syria.

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to Cairo--he could find no practical way of staying away--but he used the implicit threat of an Indian boycott of the later summit to ensure that the course of the Cairo sessions and the stage for the Belgrade meeting would be to his liking.

The other Asians invited to Cairo--Afghanistan, Ceylon, Burma, Nepal, Indonesia, and Cambodia--came as full participants. From Latin America, only Cuba participated fully; Brazil sent an observer, and Mexico and Venezuela declined. Africa was represented by the radicals--Ghana, Guinea, Mali, and Morocco--as well as by the more moderate Sudan, Ethiopia, and Somali Republic. Iraq, Saudi Arabia, and Yemen came as uncommitted Arabs.

Preparatory Meeting

Attended by ambassadors or special representatives, the Cairo sessions lasted from 5 to 13 June--four days longer than expected. The conferees had little trouble deciding that there should be a summit meeting in Belgrade on 1 September, and they gave way fairly easily

to India's desire that the summit agenda consist of topics of world-wide interest and exclude local or regional grievances, such as Palestine, Pushtoonistan, or Mauritania. The meeting bogged down, however, over the adoption of "criteria of nonalignment" and the question of what additional states should be brought in.

The criteria were finally agreed upon through the device of making them ambiguous. They require that a nonaligned state (1) pursue an independent foreign policy based on coexistence of states and on nonalignment, (2) consistently support movements for national independence, and (3) not be a member of a multilateral military or base alliance concluded in the context of great-power conflicts.

As for new invitees, the preparatory representatives agreed to add the provisional Algerian government to their number but held over for later consideration a Ghanaian proposal to invite Gizenga's Stanleyville regime to participate. The delegates deputed to a committee composed of their regular

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ambassadors in Cairo the chore of drawing up additional invitations to the summit.

The ambassadors debated the merits of potential invitees until 5 July. Those from India, Burma, and Cambodia wished to broaden representation at Belgrade by inviting a large number of moderates, including such European neutrals as Eire, Sweden, and Finland. The three Asian envoys clashed repeatedly with the representatives of Cuba, Ghana, and Guinea, who sought greater weight for their more radical views by limiting the number of states attending. It was finally agreed that invitations would be issued to Lebanon, Bolivia, Ecuador, Togo, Upper Volta, Nigeria, Mexico, and Brazil, bringing to 29 the total number of invitees.

Summit Meeting Prospects

All 21 states which actively took part in the preparatory meetings will be represented at the Belgrade meeting, most of them by their chief of state or government. Of those newly invited, Lebanon's prime minister says he will attend, while Mexico and Upper Volta have declined. Apparently neither Nigeria, which the Indians pressed to have invited, nor Togo now plans to attend, although Togo's President Olympio had earlier indicated otherwise. Brazil, Bolivia, and Ecuador will send observers. In addition, President Bourguiba will attend for Tunisia, which was invited separately following the Bizerte episode. Cyprus may also attend. All those states not represented by their chief of state or government are expected to be accorded the status of observer; in such a role they may debate but not vote.

At Nehru's insistence, the conference will be preceded by a meeting of foreign ministers or other representatives, who will gather in Belgrade during the week of 27 August. His motive is to ensure that sharp differences of opinion will be confined to the closed lower level sessions and that the meetings of principals, which will be public, are as free as possible from long-winded harangues. Each of the leaders can be expected to use private meetings, however, to press for support on local problems, even if these problems are not taken up in the formal sessions.

One of the first questions the foreign ministers will take up is that of Congolese participation. The question of expanded participation as well as procedural matters will also be raised. Strong disagreements on such questions as reorganization and support of the UN are also expected.

The conference's draft agenda, nevertheless, contains many generalizations, including "consolidation and strengthening of world peace and security...the liquidation of imperialism and neo-imperialism...noninterference in the internal affairs of states, racial discrimination, comprehensive and general disarmament, and a ban on nuclear tests"--matters on which there is already a large measure of agreement among the nonaligned leaders. Their deliberations on these subjects will reflect the views they will espouse in this fall's UN General Assembly session. However, on questions in dispute between East and West, such as disarmament and nuclear testing, the conferees will be more concerned with urging East-West reconciliation than with sorting out the substance of the conflicting positions.

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There are strong indications that Tito plans to raise the Berlin and German questions, although many of the participants would prefer to avoid these issues. Tito, a supporter of the concept of two Germanys, can be expected to be more sympathetic to the views of the USSR than to those of the West. Nehru--who hopes to play a mediating role on the Berlin question during his visits to Washington and Moscow shortly after the Belgrade sessions--will oppose any substantive commitment on the subject.

The leaders of the main camps in the nonaligned world are lining up support for their views. At Mali's insistence, the Casablanca Powers (the UAR, Ghana, Guinea, Mali, Morocco, and the provisional Algerian government) will meet in Cairo on 27 August. Nehru has invited the leaders of Ceylon, Burma, and Nepal to stop in New Delhi on their way to Belgrade.

For Tito, the conference will be the culmination of a long drive to have his credentials accepted by the nonaligned nations. He has endeavored to guarantee the maximum amount of publicity for the conference and to ensure that the delegates are impressed with Yugoslavia's efficiency and achievements. Nasir cannot fail to gain in prestige by his co-sponsorship of the conference, but he has already created bad feelings by his equivocal role during the preparatory sessions. Each of the other leaders, however, has a personal stake in the conference's success. No one can afford a failure. Cuba, which will be represented by President Dorticos rather than by Fidel Castro, has already alienated Nasir as well as other moderates.

Bloc Attitudes

Although publicly on record in favor of the conference, the Chinese Communists have reservations. They are concerned that it marks a departure from the pattern set at Bandung in 1955 of Chinese participation in major Afro-Asian gatherings and thereby sets a precedent for China's exclusion in the future. Peiping would have preferred another Bandung-type meeting and is still encouraging Sukarno to call one.

The Soviet Union was originally cool to the idea of non-aligned summitry. Accepting the inevitability of the meeting, it has sought in recent weeks endorsement from the nonaligned states for the general Soviet positions on such issues as disarmament, anti-imperialism, Germany, and Berlin. This desire to influence the conference apparently accounted for Moscow's revival of the long-dormant plan for an exchange of visits by the Yugoslav and Soviet foreign ministers. When Yugoslav Foreign Minister Popovic was in the USSR in early July, Khrushchev professed keen interest in the coming meeting and said he had nothing against it.

The Soviet-Ghanaian communiqué issued on 26 July following Nkrumah's visit to Moscow expressed the USSR's hope that the Belgrade meeting would "contribute to the maintenance of peace, the solution of the problems of disarmament, and the elimination of colonialism." These gestures have been followed up by lengthy letters to a number of the Belgrade summit participants outlining the Soviet Union's views on the Berlin question in the expectation that that subject will be raised at the meeting.

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